

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL CONTRACT 395 (MC2018-66)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2018-106

**USPS NOTICE OF AMENDMENT TO
PRIORITY MAIL CONTRACT 395, FILED UNDER SEAL**
(April 13, 2018)

The Postal Service hereby provides notice that the terms of Priority Mail Contract 395, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Priority Mail Contract 395 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective two business days following the day that the Commission completes its review of this filing.

This amendment will not materially affect the cost coverage of Priority Mail Contract 395. Therefore, the supporting financial documentation and financial certification initially filed in this docket remain applicable. The Postal Service hereby incorporates by reference the Application for Non-Public Treatment originally filed in this docket, for the protection of the customer-identifying information that has been filed under seal.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

Elizabeth A. Reed

475 L'Enfant Plaza, SW
Washington, D.C. 20260-1137
(202) 268-3179
Elizabeth.A.Reed@usps.gov
April 13, 2018

ATTACHMENT A TO REQUEST

REDACTED AMENDMENT TO PRIORITY MAIL CONTRACT 395

AMENDMENT #1
OF
SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
[REDACTED]
REGARDING
PRIORITY MAIL SERVICE

WHEREAS, the United States Postal Service (the "Postal Service") and [REDACTED] ("Customer") entered into a Shipping Services Contract, Priority Mail Contract 395/Docket No. CP2018-106, regarding Priority Mail Service on December 4, 2017.

WHEREAS, the Parties desire to amend the terms in Sections I.C., I.E. and I.G. of the Contract, and to add Section I.K., to the Contract.

NOW, THEREFORE, the Parties agree that the contract is hereby amended as detailed below. The existing contract remains unchanged in all other respects. This amendment shall become effective two (2) business days following the day on which the Commission issues all necessary regulatory approval.

[Replace Sections I.C., I.E., I.G., in its entirety with Table B, adding I.G.5 along with Table C as follows, and to add Section I.K..]

I. Terms

- C. Customer will manifest Contract Packages as specified by the Postal Service, using a separate permit number and/or PC Postage account to ship such packages, and will use the Electronic Verification System ("eVS"), other USPS approved manifest systems, or USPS approved PC Postage vendors for payment of such packages. Customer shall provide the Postal Service, in writing, a list of its permit numbers and/or PC Postage accounts for approval. Contract pricing for any newly approved permits and/or PC Postage accounts will be effective within fifteen (15) business days after the Postal Service receives written notification from Customer. Only Contract Packages, and Customer's other Priority Mail packages ("Total Packages"), shipped from authorized permits and/or PC Postage accounts shall count toward the volume commitment expressed in Sections I.E. and I.G. below.
- E. Volume Commitment. Customer should maintain a quarterly average of [REDACTED] Total Packages shipped throughout the term of the Contract, following the Contract's Implementation Period which is defined in Section I.G.1.

G. Contract Package Prices. Customer shall receive pricing based on Customer's average of Total Packages shipped per Contract Quarter, as follows:

1. Implementation Period. From the effective date of the Contract until the end of the first Contract Quarter ("Implementation Period"), Customer shall pay Tier 2 prices pursuant to Table 2. Customer will continue to pay Tier 2 prices for its Contract Packages through the second Contract Quarter.
2. Subsequent Prices. Following the second Contract Quarter, Contract Package pricing tier will be determined by a rolling quarterly average of Total Packages shipped throughout the term of the Contract, pursuant to Table B below.
3. The Postal Service will monitor Customer's volume of Total Packages, including Contract Packages, and within fifteen (15) calendar days after the start of each Contract Quarter, will notify Customer of the applicable tier for that Contract Quarter based on Table B, with corresponding prices found in Tables 1 through 3 below. Tier price changes will be effective within fifteen (15) calendar days after the start of each Contract Quarter. Discounted prices will be calculated by the Postal Service and rounded up to the nearest whole cent.
4. If the quarterly average of Total Packages shipped falls below the minimum volume set for Tier 1 pricing, the Postal Service at its sole discretion has the right to revert Customer to the most current Priority Mail Commercial Plus Prices for the subsequent Contract Quarter.
5. Customized prices for this Contract will be based on a rolling four (4) quarter average. Following the Implementation Period, the average will be based on the number of Total Packages shipped divided by the number of full Contract Quarters achieved, not including the Implementation Period. At the conclusion of the first four (4) full Contract Quarters, following the Implementation Period, pricing for subsequent quarters will be calculated by the number of Total Packages shipped in the previous four (4) Contract Quarters divided by four (4). The Postal Service will calculate the number of Total Packages and the number of applicable Contract Quarters to calculate and apply the appropriate rate table within fifteen (15) calendar days of the conclusion of that Contract Quarter. Table C below illustrates the method in determining tier level and corresponding prices.

Table C

Contract Year (CY) 1	Tier Determination
Quarter 1	Tier 2 Pricing
Quarter 2	Tier 2 Pricing
Quarter 3	Total Packages Shipped (CY1 Q2) ÷ 1
Quarter 4	Total Packages Shipped (CY1 Q's 2&3) ÷ 2
Contract Year (CY) 2	Tier Determination
Quarter 1	Total Packages Shipped (CY1 Q's 2,3&4) ÷ 3
Quarter 2	Total Packages Shipped (CY1 Q's 2,3&4 + CY2 Q1) ÷ 4
Quarter 3	Total Packages Shipped (CY1 Q's 3&4 + CY2 Q's 1&2) ÷ 4
Quarter 4	Total Packages Shipped (CY1 Q4 + CY2 Q's 1,2&3) ÷ 4
Contract Year (CY) 3	Tier Determination
Quarter 1	Total Packages Shipped (CY2 Q's 1,2,3&4) ÷ 4
Quarter 2	Total Packages Shipped (CY2 Q's 2,3&4 + CY3 Q1) ÷ 4
Quarter 3	Total Packages Shipped (CY2 Q's 3&4 + CY3 Q's 1&2) ÷ 4
Quarter 4	Total Packages Shipped (CY2 Q4 + CY3 Q's 1,2&3) ÷ 4

- K. Record Keeping and Audit. Customer shall respond to the Postal Service's or its designated auditor's quarterly and/or yearly transaction confirmations related to Postal Service transactions; and such other assistance as required by the Postal Service or its designated auditors in connection with Customer's performance under this Contract.

IN WITNESS WHEREOF, the Parties hereto have caused this amendment to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE

Signed by: _____

Dennis Nicoski

Printed Name: Dennis Nicoski

Title: Senior Vice President, Sales and Customer Relations

Date: _____

4/3/18